

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7053

BILL NUMBER: SB 410

NOTE PREPARED: Jan 13, 2012

BILL AMENDED:

SUBJECT: Title Insurance Rates.

FIRST AUTHOR: Sen. Tallian

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill specifies requirements for title insurance form and rate filings. The bill provides for licensure of a rating bureau. It also specifies requirements for performance of a rating bureau's duties.

Effective Date: July 1, 2012.

Explanation of State Expenditures: This bill does the following:

- (1) Requires insurance companies and rating bureaus to submit title insurance rate filings with the Department of Insurance (DOI).
- (2) Requires the DOI to hold hearings regarding title insurance rates under circumstances specified in the bill.
- (3) Allows individuals to seek licensure as a rating bureau for title insurance.
- (4) Establishes requirements of a title insurance rating bureau.
- (5) Allows the DOI to adopt rules necessary to regulate title insurance rating bureaus.
- (6) Requires the DOI to perform an examination of title insurance rates every five years.

As a result of this bill, the workload of the DOI is expected to increase to provide regulation of title insurance rates. The DOI reports the provisions of this bill will have an indeterminable, but significant, impact on the DOI.

The DOI reports that because the bill creates several rights and opportunities for hearings, the fiscal cost to the DOI is expected to be significant. The actual increase in DOI expenditures to provide these hearings is

indeterminable, but will depend on the extent hearings are requested for title insurance matters.

Explanation of State Revenues: The fee for a title insurance rating bureau license under the bill is \$200. Revenue collected from fees is required to be deposited in the DOI Fund. Because the number of title insurer rating bureaus in the state is unknown, actual increases in revenue to the DOI Fund from title insurance rating bureau licenses is indeterminable. The DOI reports revenue collected from title insurance rating bureau licenses may not cover the complete cost of regulating title insurance rating bureaus.

Additionally, the costs of the five-year examination requirement are required to be paid by the rating bureau, advisory organization, or entity that is examined. Revenue the DOI receives for performing these examinations is expected to offset the costs of performing the examination.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DOI.

Local Agencies Affected:

Information Sources: Logan Harrison, DOI.

Fiscal Analyst: Bill Brumbach, 232-9559.